



● **Treasurer's Monthly Report**

Summary

The attached Treasurer's monthly report provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

Purpose

Administrative Code Requirement Section 5114

Attachments

Attachment 1:	Summary of Portfolio Performance Report – February 2022
Attachment 2:	Summary of Portfolio Duration Report – February 2022
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Attachment 4:	Summary Report of Investment & Cash Activity – February 2022
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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: March 7, 2022
To: Finance and Insurance Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 2022

This letter transmits a summary report of investments, cash balances and performance report with total return, and duration comparisons for the end of the current month. A detailed report of investments is filed each month with the Board Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Section 5101 of the MWD Administrative Code and the Investment Policy dated June 8, 2021. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink that reads "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
February 28, 2022

	Market Value	Monthly Return			Fiscal YTD Return			Annualized Total Return *Inception-to-Date	
		<u>(\$ in Thousands)</u>	<u>Interest</u> <u>Return</u>	<u>Total</u> <u>Return (1)</u>	<u>Benchmark</u>	<u>Interest</u> <u>Return</u>	<u>Total</u> <u>Return (1)</u>	<u>Benchmark</u>	<u>MWD</u>
Liquidity	(2) \$ 1,223,203	0.05%	(0.04%)	0.01%	0.38%	(0.08%)	0.03%	1.77%	1.27%
Core	(3) <u>192,327</u>	0.10%	(0.46%)	(0.48%)	0.94%	(2.03%)	(2.08%)	3.20%	2.74%
Liquidity and Core	\$ 1,415,530								
Other Funds	(4) 5,318	0.02%	(0.28%)		0.29%	(1.14%)		4.12%	
Total	<u>\$ 1,420,848</u>								

(1) Total return includes: (a) interest income from fixed income investments (interest return) and (b) changes in the market price of securities (realized/unrealized gains and/or unrealized losses) over a given evaluation period.

(2) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index, which serves as a comparative performance metric to the Portfolio's Total Return.

(3) The Core Portfolio Benchmark is the ICE BofAML 1 - 5 Years AAA-A US Corporate and Government Index, which serves as a comparative performance metric to the Portfolio's Total Return.

(4) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
February 28, 2022

		Market Value (\$ in Thousands)	Minimum Duration	MWD Duration	Maximum Duration	Benchmark
Liquidity	(1)	\$ 1,223,203	0.00	0.43	0.74	0.24
Core	(2)	<u>192,327</u>	1.16	2.41	4.16	2.66
Liquidity and Core		\$ 1,415,530				
Other Funds	(3)	5,318		1.71		
Total		<u><u>\$ 1,420,848</u></u>				

(1) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index.

(2) The Core Portfolio Benchmark is the ICE BofAML 1 - 5 years AAA-A US Corporate and Government Index.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 3
Summary of Portfolio Holding Report
(sorted in descending order by Market Value)
February 28, 2022

(\$ in Thousands)

<u>Securities</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Cumulative % of Portfolio</u>
United States Treasuries	\$ 300,970	\$ 297,295	20.92%	20.92%
Negotiable Certificates of Deposit	259,366	258,914	18.22%	39.14%
Medium Term Notes	191,374	189,683	13.35%	52.49%
California Asset Management Program	173,425	173,425	12.21%	64.70%
Commercial Paper	167,031	166,891	11.75%	76.45%
Asset-Backed Securities	103,402	102,859	7.24%	83.69%
California Local Agency Investment Fund	75,000	75,000	5.28%	88.97%
Supranationals	70,017	69,506	4.89%	93.86%
Federal Agencies	41,557	41,222	2.90%	96.76%
Money Market Funds	25,869	25,869	1.82%	98.58%
Mortgage-Backed Securities	17,210	16,906	1.19%	99.77%
Municipals	3,232	3,278	0.23%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,428,453	\$ 1,420,848	100.00%	

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
February 28, 2022

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 102,449	\$ 5,693	\$ 4,740	\$ -	\$ 103,402
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	134,150	109,959	70,684	-	173,425
California Local Agency Investment Fund	75,000	-	-	-	75,000
Commercial Paper	187,036	4,995	-	25,000	167,031
Federal Agencies	41,560	-	3	-	41,557
Medium Term Notes	192,949	10,272	8,495	3,352	191,374
Money Market Funds	1,024	25,148	303	-	25,869
Mortgage-Backed Securities	18,909	28	1,727	-	17,210
Municipals	3,952	5	725	-	3,232
Negotiable Certificates of Deposit	241,003	33,363	-	15,000	259,366
Repurchase Agreements	-	-	-	-	-
Supranationals	70,080	-	63	-	70,017
Time Deposits	-	-	-	-	-
United States Treasuries	300,311	15,731	15,072	-	300,970
Subtotals	\$ 1,368,423	\$ 205,194	\$ 101,812	\$ 43,352	\$ 1,428,453
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 511			510	1
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 516	\$ -	\$ -	\$ 510	\$ 6
Total	\$ 1,368,939	\$ 205,194	\$ 101,812	\$ 43,862	\$ 1,428,459

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
February 28, 2022

(\$ in Thousands)

<u>Securities</u>		<u>Credit Quality</u>	<u>Market Value</u>	<u>Meets Policy Credit Requirement</u>
Asset-Backed Securities		"AA or higher"	\$ 102,859	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	173,425	yes
California Local Agency Investment Fund		N/A	75,000	yes
Commercial Paper		"A1/P1 or higher"	166,891	yes
Federal Agencies	(2)	N/A	41,222	yes
Medium Term Notes		"A or higher"	189,683	yes
Money Market Funds		"AAA"	25,869	yes
Mortgage-Backed Securities		"AAA"	16,906	yes
Municipals		"A or higher"	3,278	yes
Negotiable Certificates of Deposit		"A-1 or higher"	258,914	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	69,506	yes
United States Treasuries	(2,3)	N/A	297,295	yes
Total Portfolio			<u>\$ 1,420,848</u>	

- (1) The California Asset Management Program is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p).
- (2) Federal Agencies and United States Treasuries are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.
- (3) Securities have an explicit United States Government guarantee.

Attachment 6
Holding Limit Compliance Report
(sorted in descending order by Holding Limit)
February 28, 2022

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 41,222	2.90%	100%
Mortgage-Backed Securities	16,906	1.19%	100%
United States Treasuries	297,295	20.92%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	173,425	12.21%	40%
Commercial Paper	166,891	11.75%	40%
Bank Deposits	-	-	30%
Medium Term Notes	189,683	13.35%	30%
Municipals	3,278	0.23%	30%
Negotiable Certificates of Deposit	258,914	18.22%	30%
Supranationals	69,506	4.89%	30%
Asset-Backed Securities	102,859	7.24%	20%
Money Market Funds	25,869	1.82%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 75,000	5.28%	N/A
Total Portfolio	<u>\$ 1,420,848</u>	<u>100.00%</u>	

(1) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.

(2) \$75 million maximum allowed by California Local Agency Investment Fund for Operating Accounts.

Attachment 7
Maturity Compliance Report
(sorted alphabetically by Security)
February 28, 2022

(weighted average maturity in years)

<u>Securities</u>		<u>Liquidity Portfolio</u>	<u>Core Portfolio</u>	<u>Other Funds</u>	<u>Maximum Maturity</u>	<u>Compliance (3)</u>
Asset-Backed Securities		2.247	3.868	-	5.00	yes
Bankers' Acceptances		-	-	-	0.49	n/a
California Asset Management Program		0.003	-	-	N/A	yes
California Local Agency Investment Fund		0.003	-	-	N/A	yes
Commercial Paper		0.263	-	-	0.74	yes
Federal Agencies	(1,2)	1.205	-	0.953	5.00	yes
Medium Term Notes		0.641	3.167	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.682	-	5.00	yes
Municipals	(2)	0.000	4.079	2.422	5.00	yes
Negotiable Certificates of Deposit		0.435	-	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		0.847	2.219	-	5.00	yes
United States Treasuries	(1,2)	0.791	2.532	3.036	5.00	yes
Weighted Average Maturity		0.581	2.627	1.740		

(1) The core portfolio may be invested in Federal Agency and United States Treasury securities with maturities in excess five years.

(2) The Treasurer is authorized to invest special trust funds in investment with a term to maximum maturity in excess of five years. These funds included, but are not limited to, the Water Revenue Bond Reserve Funds, Debt Service Funds, the Iron Mountain Landfill Closure/Post-Closure Maintenance Trust Fund, and the Lake Mathews Multi-Species Reserve Trust Fund.

(3) While the Maturity Compliance Report displays the weighted average maturity by security type, the response regarding compliance to the investment policy is at the individual security level.